1950

Govt of Madras

Development dept

G.O M.S. No. 2269

6-6-50

P-13

Abstract-

Acts & Rules - Coop. Societies Act - Sec 12 (2) - The Cuttim Co-op. Town Bank - South Kanara dt - Amendments to bylaws - Appeal - petition Rejected

15108

THE PUTTUR CO-OPERATIVE TOWN BANK.LTD.NO 181.PUTTUR.S.KANARA

Puttur,S.Kanara
17th Feb 1950.

The Secretary
Development Department
Government of Province of Madras
M A D R A S

Humble appeal on behalf of the said Bank under Section 12 (2) of the Co-operative Societies Act VI of 1932 against the order of the Deputy Registrar of Co-operative Societies,Mangalore, refusing to register the amendments to bylaw 37 as per Deputy Registrar's order dated 31-12-49 in R.Dis 2825/49-C.

THE PUTTUR CO-OPERATIVE TOWN BANK LTD,No 181, PUTTUR P.O.S.KANARA DISTRICT BY ITS PRESENT PRESIDENT SRI.N.V.KOLATHAYA,B.A.,B.L,VAKIL, PUTTUR.S.KANARA .... } APPELLANT

The above named appellant being highly aggrieved by the order of the Deputy Registrar of Co-op: Societies,Mangalore, in R.Dis.2825/49-C dated 31-12-49 begs to prefer this appeal against the same on the following grounds inter-alia:

1.The order appealed against is contrary to facts,the proceedings of the Puttur Co-op: Town Bank Ltd and opposed to fair and equitable principles.

2.The appellant submits that the Bank when it was formerly working as a Rural credit society on an unlimited liability basis was affiliated to the Puttur Local Supervising Union. Later on the society was converted into a limited liability Town Bank changing the entire constitution by adopting purely Urban Bank bylaws. While adopting these Limited Liability bylaws, the clause relating to the affiliation to the

the Union was not deleted by oversight. Hence the present amendment to delete this clause.

3. The appellant submits that the Deputy Registrar, while rejecting the amendment proposed to byalw 37, states that when there is already a local Supervising Union in the area, it is not proper that the Town Bank should seek affiliation to the District Financing Bank . In this connection we submit that in the first place the Union does not excercise any supervision over Town Banks. Further the Bank stood and still stands affiliated to the District financing Bank both for its finance and supervision even before the Union came into existence. As such whatever supervision or financial help received by this Bank is from the financing Bank alone and not from the Local Co-operative Union.

The Puttur Co-op. Town Bank Ltd. No. 181 Puttur, S. K. No..... Date.....

4. The appellant submits that Town Banks in this Distric generally are not affiliated to any Supervising Unions nor do the Unions excercise any supervision over them as they are not in need of any supervision from the Unions concerned since they maintain trained and efficient staff under the management of experienced and able directors. Moreover the accounts of Town Banks are audited concurrently by the Departmental staff and defects if any will be noticed and rectified then and there

5. The appellant submits that the object of a Supervising Union is to see that the societies affiliated to it are run properly by tendering advice etc. The Puttur Local Co-op: Union excercises supervision over the rural credit societies which are only affiliated to the said Union. The Directors of the Union are invariably elected from out of the representat-ives of these rural societies and as such most of them are

60/13

inexperienced in the filed of Co-operation. If the position and experience of the Directors of the appellant Town Bank are compared with those of the directors of the Union, the directors of the appellant Bank will be found to possess more experience and ability and better sincerity of purpose. Therefore it will create an unhappy atmosphere if people of less experience etc are to sit on judgement over people of more experience etc.

Puttur Town Bank
No.
Dt.

6. The appellant submits that the amendment sought is not contrary to the Act or to the Rules framed thereon and is in the best interest of the Bank.

7. Therefore the appellant Bank humbly prays that this appeal may kindly be allowed and the amendment sought for be permitted to be registered by setting aside the aforesaid order of the Deputy Registrar, Mangalore, dated 31-12-49.

Copy attached herewith

M. V. Venkataraya

President
Puttur Co-op: Town Bank Ltd. No 18

Enclosures along with this appeal.

P 7 below (1) True copy of the order dated 31-12-49 of the Deputy Registrar of C.S. Mangalore in P.Dis 2895/49-C the order appealed against.

P 8 below (2) Copy of the proceedings of the General body Meeting of the Bank held on 12-6-49 -Resolution No 7-Amendment sought for.

P 10 below (3) Copy of bylaw 37 of the registered bylaws of the appellant Bank.

cm/18-2

P/15 below 28/4/50. Endt. No. 15108 BE/50-1 dt 28-2-50

Dev Dept

Referred to the R.C.S. for early remarks.

N.R. 27/3
N-R. 10/4/50

JO 25/4/50. 28/4/50

The R C S (with encls)
R. 20.3.50

Co-op. Town Bank Ltd. No. Date PUTTUR, S. K. 181

Puttur Co-operative Town Bank, Ltd., No. 181.

R. S. Kanara.

O. R. No. Date 10th Jan 1950

Copy of the order of the Deputy Registar of CS Mangalore R.Dis 2825/49-C dated 31-12-49.

Sub: Puttur Co-op: Town Bank Ltd-Amendments to bylaws-Registration of

Ref: (1) General body meeting proceedings of the Puttur Town Bank dated 12-6-49 proposing amendments to bylaws.
(2) This office R.C.2825/49-C dated 21-10-49
(3) Resolution No 241 dated 30-10-49 of the Executive Committee of the South Canara Central Co-op: Bank Ltd.Mangalore.
(4) Letter O.R.No 94/49-50 dated 7-11-49 from the Puttur Co-op: Town Bank Ltd.

The amendments proposed to bylaw Nos 37 and 45 of your Bank are rejected for the reasons noted below:

Amendment to bylaw 37: The amendment seeks to delete the provision for affiliation of the Bank to any local supervising Union working in the area and introduce a new provision to affiliate itself to the District Financing Bank having jurisdiction in the area. When there is already a Local Supervising Union working in the area Viz.,the Puttur Local Co-operative Union,Ltd., it is not proper that the Town Bank should seek affiliation to the District Financing Bank for purpose of Supervision. Moreover the Dt Financing Bank Viz.,the South Canara Central Co-op: Bank Ltd.,Mangalore,is also not in favour of the proposed amendment. The amendment is therefore rejected.

* * *

(True copy)

Secretary

9

Puttur Co-operative Town Bank, Ltd., No. 181.
PUTTUR, S. Kanara.

O. R. No..... Date 10th Jan 1950

Proceedings of the General body meeting held on 12th June 1949.

Present: Sri.N.V.Kolathaya,B.A.,B.L.,President and 319 other members.

* * *

Resolution No 7: Consideration of the following amendments to bylaws: —

* * *

Bylaw 37: Substitute the following for the existing bylaw:
'The general body shall have the authority to affiliate the Bank to any District Financing Bank that may be registered by the Registrar or that is working in the neighbourhood of the Bank'.

Resolution

Resolved unanimously to amend the bylaws as proposed.

* * *

(Sd) N. V. Kolathaya
President

(True copy translation)

Secretary

A

Puttur Co-operative Town Bank, Ltd., No. 181.

PUTTUR. S. Kanara.

O. R. No..... *Date* 16th Feb 1940.

Copy of bylaw 37 of the Puttur Co-op: Town Bank Ltd. No 181, before the amendment.

Bylaw 37

The General body shall have authority to affiliate the Bank to any Co-operative Union (with suitable jurisdiction) that may be registered by the Registrar or that is working in the neighbourhood of the Bank.

(True copy)

The Puttur Co-op. Town Bank Ltd. No. 181. No..... Date..... Puttur, S. K.

Secretary

13

COOPERATIVE DEPARTMENT.

From
Sri J.C. Ryan, M.A.,
Registrar of Cooperative Societies. Chepauk, MADRAS.

To
The Secretary to Government,
Development Department,
Fort St., George, MADRAS.

R.C. NO.29914/50 B Dated: 30-4-50.

39869 5-5-50

Sir,

Sub: By-laws - The Puttur Cooperative Town Bank - South Kanara district - amendment to by-law No.37 - Appeal against the ord of the Deputy Registrar of Cooperative Societies, Mangalore rejecting the amendment.

Ref: Development endorsement No.15108/B11/50-1 dated 28-2-1950.

The Puttur Cooperative Town Bank adopted an amendment to its by-law No.37 deleting the provision for supervision by the Union and providing for supervision by the Central Bank. The South Kanara Central Cooperative Bank was not in favour of the amendment. The Deputy Registrar, Mangalore, rejected the amendment, for the reasons stated in his letter R.Dis 2825/49 C dated 31-12-1949, at pages 27 and 28 of current file in R.Dis. 2825/49 C (enclosed).

2. Against that order, the Bank has preferred this appeal. I enclose an extract from the report of the Deputy Registrar. It meets the points raised in the appeal.

3. The amendment adopted by the Bank is objectionable for the following reasons:-

(i) It is a deviation from the model by-law 37 prescribed for Urban Banks.

(ii) It is opposed to the policy of the Cooperative Movement. In this Province Supervision of Cooperative Societies is the responsibility of the Central Banks and it is done by the Banks through the Unions. It may be that the supervisors do not supervise Urban Banks, to the same extent as they supervise rural credit societies. The Urban banks do not, therefore, pay supervision fund on the scale prescribed for the rural credit societies. Further, Urban Banks are members of supervising Unions not so much to secure supervision for themselves but to contribute to the supervision of weaker societies affiliated to the Unions. This is based on the Cooperative Principle that the strong should help the weak. The Unions may elect representatives of Urban Banks to their governing bodies who will provide the necessary human material for running the Unions efficiently. This will not be possible if it is accepted as a policy to disaffiliate the urban banks from the Unions. The income of the Unions will also become depleted and the Unions will have to depend more and more upon the Central Banks for their funds. It is therefore necessary to continue the existing system of supervision. The Deputy Registrar was correct in having rejected the amendment. The appeal filed by the Bank deserves no consideration and may be rejected.

pto/-

at (8) 4. Disposal R.2825/49 C of the Deputy Registrar, Mangalore is enclosed for reference and return.

1/2 For REGISTRAR. 3.3.37

V.T.2-5-

Enclrs.

at (8) 1: R 2825/49-C

H.15-16 below 2 Extract from the Lithograph

Dy Registrar

3/5/50

15

~~Copy of~~ Extract from the letter ~~received from~~ of the Deputy Registrar, Mang
RC.1323/50-C Dated: 9-4-50.

With regard to the points mentioned in the appeal to Government I beg to submit the following remarks.

Para 2: The contention of the Bank that when the society was converted into a Limited Liability Town Bank in 1946 and while adopt the Bylaws of an Urban Bank, the Bylaw relating to affiliation to a Union was not deleted by oversight, is not correct. The Society adopted the model bylaws of the Urban Bank in which there is provisi under Bylaw 37 for the affiliation of the Bank to a Local Supervising Union. This bylaw was adopted by the general body and duly registered. The Town Bank cannot at this stage contend that this particular bylaw was not deleted by oversight.

Para 3: It is ~~x~~ not correct to say that a Supervising Union does not exercise any supervision over Town Banks. Under the Bylaws of a Union, it is incumbent on the Union to arrange for the supervision of all the societies affiliated to it.

Para 4: Several Town Banks in the District are affiliated to Local Supervising Unions. But in view of the fact that there is concurrent audit, these Town Banks pay a nominal supervision fees of Rs.5/- per year and have suitably amended Bylaw 37. It is not correct to say that the Town Banks are not affiliated to Supervising Union.

Para 5: The argument that the Directors of the Town Bank are more experienced than the members of the Governing Body of the Union who are generally elected from out of the representatives of Rural Credit Societies cannot be accepted. It is open to the General Body of the Union to elect even representatives of Town Banks to the Governing Body.

(TRUE EXTRACT)

V.T.3-8- 2/5/50

2/5 For REGISTRAR. 3.5.50

~~pto~~

Copy of letter No.R.Dis.2825/49 C. Dated: 31-12-49 from Deputy Registrar Mangalore to The Secretary Puttur Cooperative Town Bank Ltd., Puttur.

Sir,

Sub: Putthur Cooperative Town Bank Ltd.. - Amendments to Bylaws Registration of

Ref: 1. General Body Meeting Proceedings of the Puttur Cooperative Town Bank dated 12-6-49 proposing amendments to bylaws
2. This office RC.2825/49 C dated 21-4-49.
3. Resolution No.241 dated 30-10-49 of the Executive Committee of the South Canara Central Cooperative Bank for Mangalore
4. Letter O.R. NO.94/49-50 dated 7-11-49 from the Puttur Cooperative Town Bank Ltd.

The amendments proposed to bylaw Nos. 37 and 55 of your Bank are rejected for the reasons noted below

Amendment to bylaw 37: The amendment seeks to delete the provision for the affiliation of the Bank to any local supervising union working in the area and introduce a new provision to affilict itself to the district financing Bank having jurisdiction in the area. When there is already a Local Supervising Union working in the area viz the Puthur Local Cooperative Union Ltd. It is not proper that the term bank should seem affiliation to the District financing for purpose of supervision. Moreover the District Financing Bank viz. the South Canara Central Cooperative Bank Ltd., Mangalore is also not in favour of the proposed amendment. The amendment is therefore rejected.

Amendment to Bylaw: 55: The Bank has not constituted anything, towards the "Gandhi National Memorial Fund." It cannot make any contributions to the fund now as collections to the fund are already closed. There is therefore no need for the amendment at this stage. The amendment is therefore rejected.

(TRUE COPY)

PTO

Pl. Issue 29/7/50
K.P. 6/6/50
8/7/50

Dev. Dept.

Acts & Rules - Co-operative Societies Act - Sec. 12(2) - The Puttur Co-operative Town Bank, South Kanara Dt. - Amendments to bylaws - Rejection petition - Rejected.

Ref :- From the President, the Puttur Co-operative Town Bank, dated 17-2-50

From the R.C.S. Lr. No. 29914/50 B. dt. 30.4.50

GROR 2269 dt. 6: pr. 4

The appeal petition is rejected

Hl-5 C.F.

pp13-14 C.F.

Orders in Ors. 27 f.

K.P. 3.6.50 A2 5/6/50

To

The President,
The Puttur Co-operative
Town Bank
Puttur, South Kanara Dt.

Copy to the R.C.S.
(with R.Dis. 2826/49 dt. 31-12-49)
Dist (B)

Dev. dt. 5/7/50

DEVELOPMENT DEPARTMENT

C.No. 15108 BE/50.

Sub:- Cooperative Societies- The Puttur Cooperative Town Bank, South Kanara Dt- Amendments to bylaws- Rejection Appeal.

pp 1-5 C.F. p5 C.F. H 13-14 C.F.

Ref:- From the President; The Puttur, Cooperative Town Bank, dated 17-2-50.
Govt. Endt; No.15108-B.II/50-1, dated 28-2-50.
From the R.C.S. Lr.No.29914/50-B, dated 30-4-50.

To A.S.

This file relates to an appeal petition under section 12(2) of the Cooperative Societies Act from the Puttur Cooperative Town Bank in South Kanara Dt. against the orders of the Dy. Registrar, Mangalore, refusing to register an amendment to the bylaws of the society. The appeal petition at pp 1-5 c.f. and the Registrar's remarks thereon at pp 13-14 c.f. may be perused.

pp 9 of the BK. not put up H 27-28 C.F. of (B)

2. The Puttur Cooperative Town Bank adopted an amendment to its bylaw No.37, deleting the provision for supervision by the Union and providing for supervision by the Central Bank. The South Kanara Central Cooperative Bank was not in favour of the amendment. The Dy. Regr. rejected the amendment on the ground that when there was already a local supervising union working in the area it was not proper that the Town Bank should seek affiliation to the Dt. financing Bank for purpose of supervision.

copied at p 9 C.F. of the book 1, p 13 C.F.

para 1, p 13 C.F.

A in H 27-28 C.F. of (B)

3. The Puttur Town Bank has appealed to Govt. on the following grounds:-

para 2. H 1-3 C.F.

(i) The Bank was formerly working as a Rural Credit Society when it was affiliated to the Puttur Local Supervising union. The Society was later on converted into a Town Bank changing its constitution by adopting Urban Bank bylaws. While adopting these bylaws the clause relating to affiliation to the union was not deleted by oversight. The amendment sought to rectify this omission.

para 3 p3 C.F.

(ii) The Union does not exercise any supervision over Town Banks.

para 4 p3 C.F.

(iii) Town Banks are not generally affiliated to any super-vising unions.

p.to

15108 2/2575

(iv) The Directors of the Town Bank are more experienced than those of the Union, and as such it will create an unhappy atmosphere if the Bank is to be under the supervision of the Union.

4. In his letter extracted on pp 15-16 c.f. the Dy. Regr. has answered the various points raised by the appellant Bank. For the reasons stated in para. 3 on p 13 c.f. the Regr. considers that the Dy. Regr. was correct in having rejected the amendments. In the circumstances stated by the Regr, and in view of the fact that the existing bylaw is reported to be in accordance with the model bylaw prescribed for urban Banks, the appeal may be rejected. For orders..

With Reference to the Orders in Circulation above, a draft order is submitted for approval.

Issued as: Co. MS-No 2269 dtd 6.6.50